

Message Text

SECRET

PAGE 01 LIMA 06537 01 OF 04 242037Z
ACTION PM-05

INFO OCT-01 ARA-10 ISO-00 AID-05 ACDA-12 OMB-01 TRSE-00
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INFO SECDEF WASHDC
JCS WASHDC
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S E C R E T SECTION 1 OF 4 LIMA 6537

DEPT PASS AID WASHDC AND ACDA FOR INFO

E.O. 11652: GDS
TAGS: MASS, MPOL, XX, PE
SUBJECT: SECURITY ASSISTANCE REPORTING REQUIREMENT FOR PERU

REF: STATE 167901

INTRODUCTION: FOLLOWING IS THE JULY 1978 ASSESSMENT
OF SECURITY ASSISTANCE TO PERU. COMMENTS ARE KEYED TO
POINTS AS IDENTIFIED IN PARA 3 REFTEL:

1. DESCRIPTION OF US INTERESTS: THE GOALS AND OBJECTIVES
OF THE UNITED STATES GOVERNMENT IN PERU WERE
OUTLINED IN LIMA A-22 MARCH 9, 1978. THE USG IN PERU
SEEKS: (1) RESPECT FOR BASIC HUMAN RIGHTS AND THE
RETURN OF PERU TO ELECTED GOVERNMENT; (2) THE ADHERENCE
OF THE GOP TO ITS COMMITMENT NOT TO ACQUIRE NEW ARMS;
(3) PEACEFUL RESOLUTION OF BORDER ISSUES AND AGREEMENT
ON MUTUAL ARMS RESTRAINT WITH ANDEAN COUNTRIES; (4)
AND A CANDID AND COOPERATIVE RELATIONSHIP AND CONSTRUCTIVE
DIALOG WITH PERU REGARDING BILATERAL AND MULTI-

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PAGE 02 LIMA 06537 01 OF 04 242037Z

LATERAL ISSUES.

THE US SECURITY ASSISTANCE PROGRAM FOR PERU IS
ONE OF THE TOOLS THE USG CAN USE IN ACHIEVING ITS
OBJECTIVES IN PERU WITH RESPECT TO THESE GOALS. ATTITUDES
AND DECISIONS OF KEY PERUVIAN MILITARY LEADERS
ARE CENTRAL TO THE PEACEFUL RETURN OF PERU TO CONSTITUTIONAL

DEMOCRACY. RESPECT FOR THE GOP'S COMMITMENT NOT TO BUY NEW ARMS DEPENDS PRIMARILY ON THE MILITARY'S CONTINUED ACQUIESCENCE WITH THIS UNDERTAKING, JUST AS THEIR SUPPORT IS NEEDED FOR ANY MOVEMENT TOWARD REDUCING TENSIONS OR APPROVING ARMS RESTRAINT IN THE ANDEAN REGION. CONTINUATION OF THE SECURITY ASSISTANCE PROGRAM PROVIDES THE USG A USEFUL CHANNEL TO THE PERUVIAN ARMED FORCES. IT EVIDENCES THE INTENTION OF THE USG TO MAINTAIN AN EVENHANDED APPROACH TO PERU AND OUR WILLINGNESS TO TREAT IT AS FAVORABLY AS WE DO OTHER FRIENDLY LATIN AMERICAN COUNTRIES.

IN TERMS OF US SECURITY INTERESTS IN PERU WE WISH TO MAINTAIN ACCESS TO PERUVIAN MINERAL RESOURCES, PRECLUDE ESTABLISHMENT OF MILITARY POWER BASES HOSTILE TO US INTERESTS AND MAINTAIN SECURE LINES OF COMMUNICATIONS ALONG THE PACIFIC COAST.

THE FMS PROGRAM PROVIDES THE MOST EFFICIENT AND ECONOMICAL WAY FOR THE GOP TO MAINTAIN THE EQUIPMENT IT HAS RECENTLY PURCHASED FROM THE US. ALTHOUGH PERU'S MAJOR RECENT ARMS PURCHASES WERE FROM THE SOVIET UNION, IT STILL OWNS AND USES SOME US EQUIPMENT SUCH AS ARTILLERY, WHEEL AND TANK VEHICLES AND SMALL ARMS. GIVEN THE LIMITED FUNDS NOW AVAILABLE TO THE GOP, ACCESS TO SPARE PARTS AND MAINTENANCE TRAINING FOR US EQUIPMENT HAS BECOME A MORE SIGNIFICANT BUDGET ITEM FOR THE PERUVIAN MILITARY.

THE SPECIFIC OBJECTIVE OF AIDING PERUVIANS TO MAINTAIN
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PAGE 03 LIMA 06537 01 OF 04 242037Z

THEIR US PURCHASED EQUIPMENT AS ECONOMICALLY AS POSSIBLE ALSO INDIRECTLY PROVIDES THE MISSION WITH INSIGHTS INTO THE THINKING AND PREOCCUPATIONS OF PERUVIAN MILITARY. PERU'S IMET PROGRAM OBVIOUSLY COMPLEMENTS OUR FOURTH OVERALL OBJECTIVE OF MAINTAINING A CONSTRUCTIVE DIALOG WITH CURRENT AND FUTURE DECISION MAKERS OF THE PERUVIAN ARMED FORCES.

2. EXTERNAL AND INTERNAL THREAT PERCEIVED BY PERU.

PERU'S MILITARY GOVERNMENT PERCEIVES ITS MAJOR THREAT TO BE CHILE. HOWEVER, IT IS CONVINCED THAT SHOULD CHILE ATTACK IN THE SOUTH TO SEIZE MINERAL RICH TERRITORY THERE, ECUADOR WOULD TRY TO TAKE BACK TERRITORY LOST TO PERU IN 1941-42. ALSO, PERU'S ARMED FORCES BELIEVE THAT BOLIVIA WOULD POSSIBLY SIDE WITH CHILE IN AN ATTEMPT TO WIN AN OUTLET TO THE SEA AT PERU'S EXPENSE. PERU, THEREFORE, PERCEIVES THAT IN ANY WAR IT WOULD LIKELY FACE THREE HOSTILE FORCES, ON ITS SOUTHERN, SOUTHEASTERN AND NORTHERN BORDERS, AND THAT IT MUST BE ABLE TO HOLD BACK ECUADOR IN THE NORTH WHILE DEALING WITH THE MAJOR THREAT OF CHILE IN THE SOUTH. ALTHOUGH BOLIVIA IS WEAK MILITARILY, ITS ALLOWING

CHILE ACCESS TO ITS TERRITORY WOULD OPEN A THIRD FRONT TO THE SOUTHEAST. THUS, PERU MUST BE PREPARED FOR SOMETHING LIKE A TWO-AND-A-HALF FRONT WAR. THE PERUVIAN MILITARY REMAIN CONVINCED THAT THEIR MILITARY WEAKNESS BEFORE THE WAR OF THE PACIFIC (1879) INVITED ATTACKS AND THAT POLITICALLY TODAY THEY WOULD BE POWERLESS IN THE REGION WITHOUT A STRONG NATIONAL DEFENSE SYSTEM. THIS IS THE RATIONALE OFFERED BY PERUVIANS FOR THEIR MILITARY BUILD-UP -- TO BE ABLE TO DISSUADE NEIGHBORS FROM ATTACKS ON PERU, FROM A POSITION OF STRENGTH.

INTERNALLY, THE GOP CONCEIVES OF ANY SERIOUS INTRNAL THREAT AS ONE COMING FROM SEVERAL SIMULTANEOUS DISRUPTIVE ACTIVITIES BOTH IN URBAN AND RURAL AREAS. THE FIRST INSTITUTION RESPONSIBLE
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PAGE 04 LIMA 06537 01 OF 04 242037Z

FOR URBAN SECURITY IS THE POLICE (GUARDIA CIVIL) WITH THE ARMED FORCES PLAYING A SUPPORTIVE ROLE. PERU'S POOR, DISCONTENTED, AND LEFTIST EXTREMIST ELEMENTS HAVE TAKEN PART IN VIOLENT DEMONSTRATIONS AGAINST THE AUSTERITY MEASURES IMPOSED BY GOP FOR ECONOMIC RECOVERY. IN MAY 1978, THERE WERE DISTURBANCES WHICH REQUIRED SUPPRESSION BY THE POLICE BACKED UP BY THE ARMED FORCES. THIS THREAT CONTINUES.

3. MISSION'S PERCEPTION OF THE THREAT TO PERU.

THE MISSION THINKS THAT PERU'S ASSESSMENT OF THE THREATS TO ITS EXTERNAL SECURITY IS HIGHLY EMOTIONAL AND ERRONEOUS. IN THE MISSION VIEW, CHILE HAS NO DESIGNS ON PERU'S TERRITORY. ANY POSSIBLE WAR IN THE SOUTH IS ONLY LIKELY TO OCCUR AS PART OF AN ARGENTINA-CHILE CONFLICT WITH PERU ATTACKING CHILE. WE SHOULD NOTE THAT ECUADOR DOES REGARD ITSELF AS THE WRONGED PARTY IN THE 1941-42 WAR; AND THAT ON THE NORTHERN FRONTIER IN POORLY DEFINED BORDER AREAS, SOME POSSIBILITY FOR ACCIDENTAL CONFLICT EXISTS. PERU'S STRATEGY OF RAPIDLY INCREASING ITS MILITARY STRENGTH BY INTRODUCING NEW WEAPONS SYSTEMS HAS IN FACT INCREASED TENSIONS IN THE ANDEAN REGION AND STARTED AN ARMS RACE. PERU IS MORE SECURE, BUT ITS NEIGHBORS NOW FEEL VERY INSECURE. HOWEVER, THE MISSION ACCEPTS THE FACT THAT THE PERUVIAN ARMED FORCES HAVE BEEN GENUINELY PREOCCUPIED WITH THEIR "EXPOSED" POSITION AND THE THREAT OF A TWO-FRONT WAR.

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PAGE 01 LIMA 06537 02 OF 04 242053Z
ACTION PM-05

INFO OCT-01 ARA-10 ISO-00 AID-05 ACDA-12 OMB-01 TRSE-00
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INFO SECDEF WASHDC
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S E C R E T SECTION 2 OF 4 LIMA 6537

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INTERNAL THREAT.

THE PERUVIAN MILITARY'S DECISION TO RESPOND TO THE POSSIBLE THREAT TO INTERNAL SECURITY BY SOCIAL AND ECONOMIC REFORM WAS NOT ILLOGICAL IN ITS CONCEPTION, HOWEVER POORLY IT TURNED OUT IN EXECUTION. PERU HAD EXPERIENCED SCATTERED GUERILLA ACTIVITY IN THE 1960'S BASED ON LAND SEIZURES. THE AGRARIAN REFORM, WHILE CONTRIBUTING TO PRODUCTION PROBLEMS, REDUCED THE LIKELIHOOD OF SUCH MOVEMENTS BEING INITIATED AGAIN. SOME INTERNAL THREAT EXISTS FROM EXTREMISTS USING THE SEVERE ECONOMIC CRISIS TO PROVOKE STRIKES, POLITICAL DEMONSTRATIONS AND VIOLENCE. HOWEVER, THE PHYSICAL CAPACITY OF THE POLICE AND ARMED FORCES NOW CLEARLY EXCEEDS THE FORCE THAT MIGHT BE REQUIRED TO DEAL WITH THIS KIND OF THREAT IN THE FORESEEABLE FUTURE.

4. THE TYPE OF MILITARY ESTABLISHMENT PERU BELIEVES SUITED TO MEET ITS REQUIREMENTS AND PERCEIVED THREATS. PERUVIAN FORCES ARE DESIGNED TO PROVIDE A HIGHLY MOBILE SYSTEM CAPABLE

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PAGE 02 LIMA 06537 02 OF 04 242053Z

OF EITHER OFFENSIVE OR DEFENSIVE ACTION AND PRIMARLY ORIENTED TOWARDS THE SOUTH (I.E., THE CHILEAN AND BOLIVIAN BORDERS), WHILE RETAINING A CAPACITY TO RESIST AND RETALIATE AGAINST ECUADOREAN FORCES IN THE NORTH. THE GOP CONSIDERS IT NECESSARY, THEREFORE, TO MOUNT A FORCE SUPERIOR TO THOSE OF CHILE, BOLIVIA AND ECUADOR COMBINED. IT

HOPES TO MAKE UP FOR PERSONNEL DEFICIENCIES AGAINST CHILE, I.E., LESS EDUCATE, MOTIVATED AND DISCIPLINED ENLISTED FORCE, BY LARGER NUMBERS AND TECHNOLOGICAL SUPERIORITY, I.E., BETTER TANKS, MISSILES AND FIGHTER BOMBERS AND QUALITY IMPROVEMENT OF TROOPS THROUGH TRAINING. RELIABLE FIGURES ARE NOT AVAILABLE, BUT PERU'S TOTAL MILITARY FORCES ARE ESTIMATED AT 75,000 ARMY, 10,400 NAVY AND MARINES, AND 10,000 AIR FORCE. AMONG SOME OF ITS SIGNIFICANT ITEMS OF MILITARY EQUIPMENT ARE AN ESTIMATED 400 TANKS, SA-3 AND SA-7 AIR DEFENSE MISSILES, AND 36 SU-22'S AND 30 MIRAGE FIGHTER INTERCEPTORS.

5. PERUVIAN FORCES IN RELATION TO US INTERESTS AND ALTERNATIVES.

THE GOP ARMS PURCHASES AND FORCE BUILD-UP ARE CONTARY TO US INTERESTS IN REGIONAL STABILITY IN THE ANDEAN REGION FROM POINT OF VIEW OF THEIR SIZE, THEIR NEW OFFENSIVE ARMS, AND THEIR DEPLOYMENT. THESE FORCES ARE PERCEIVED AS THREATENING BY PERU'S NEIGHBORS, PARTICULARLY CHILE AND ECUADOR. THE MISSION DOES NOT BELIEVE THAT THE CURRENT GOVERNMENT INTENDS TO INITITATE ATTACKS ON ITS NEIGHBORS, BUT ITS FORCES ARE NOW WELL EQUIPPED AND DEPLOYED IN A POSTURE PERMITTING EITHER OFFENSIVE OR DEFENSIVE ACTION. PERU'S
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PAGE 03 LIMA 06537 02 OF 04 242053Z

BUILD-UP HAS BEEN COSTLY TO ITS ECONOMIC DEVELOPMENT WHICH THE US WANTS TO PROMOTE ITS ARMS PURCHASES ARE INCOMPATIBLE WITH US INTERESTS IN ARMS RESTRAINTS AND NOT CONDUCTIVE TO THE REGIONAL NEGOTIATION AND COOPERATION WHICH THE USG ENDORSES. BY EARLY 1977 PERU HAD LARGELY COMPLETED ITS BASIC PROGRAM OF ARMS MODERNIZATION AND EXPANSION. HOWEVER, PRESSURE FROM THE USG IN 1977 AS WELL AS THE ECONOMIC CONSTRAINTS ON PERU OF ITS MOUNTING EXTERNAL DEBT RESULTED IN A COMMITMENT BY THE GOP IN AUGUST 1977 TO CEASE ANY FURTHER NEW ARMS PURCHASES THROUGH 1980.

IT IS UNREALISTIC TO SUPPOSE THAT THE GOP WILL DRASTICALLY REDUCE FORCE LEVELS OR STOP MAINTENANCE OF ACQUIRED EQUIPMENT. PERU'S ACQUISITIONS PROBABLY HAVE MADE IT NOW MORE INTERESTED IN REGIONAL ARMS LIMITATIONS (JUST AS THEY HAVE REDUCED TEMPORARILY THE INTEREST OF PERU'S NEIGHBORS IN SUCH AN EFFORT.) NONETHELESS, THE US SHOULD CONTINUE ENCOURAGEMENT OF REGIONAL ARMS LIMITATIONS BY MAINTAINING ITS ACCESS TO THE PERUVIAN MILITARY.

THE MILITARY ARE LIKELY TO CONTINUE OPERATION AND MAINTENANCE OF THE ARMS THEY HAVE ACQUIRED FROM THE USSR, FRANCE,

ITALY, HOLLAND, AND WEST GERMANY. IF THE FMS PROGRAM WERE SUSPENDED, THE GOP PROBABLY ALSO WOULD CONTINUE OPERATING EQUIPMENT PURCHASED FROM THE US ALTHOUGH THE COST TO PERU WOULD INCREASE. CONCEIVABLY SUSPENSION OF THE FMS PROGRAM COULD MAKE PERU SLIGHTLY MORE DEPENDENT ON THE SOVIETS WITH WHOM THE GOP ALREADY HAS A SIZEABLE TRAINING AND ARMS MAINTENANCE RELATIONSHIP.

6. (A) MILITARY EXPENDITURES AS PERCENT OF THE BUDGET:

THE FOLLOWING INFORMATION IS BASED ON IMF FIGURES WHICH MAY OR MAY NOT BE CORRECT. WE HAVE NO INDEPENDENT WAY TO VERIFY OR TO REFUTE THE IMF CALCULATIONS. HOWEVER, THE IMF REPORT REPRESENTS THE BEST DATA AVAILABLE TO THE MISSION.

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PAGE 04 LIMA 06537 02 OF 04 242053Z

ACCORDING TO INFORMATION COLLECTED AND PUBLISHED IN A CLASSIFIED DOCUMENT OF THE IMF, PERU'S MILITARY OUTLAYS AMOUNTED TO S/.25.46 BILLION IN 1975, AND S/.38.90 BILLION IN 1976, AND S/.65.20 BILLION IN 1977. DURING THESE YEARS TOTAL CENTRAL GOVERNMENT EXPENDITURES WERE S/.131.43 BILLION IN 1975, S/.175.93 BILLION IN 1976, AND S/.267.07 BILLION IN 1977. THEREFORE THE RATIO OF MILITARY OUTLAYS TO TOTAL CENTRAL GOVERNMENT EXPENDITURES WAS AS FOLLOWS: 19.4 PERCENT IN 1975, 22.1 PERCENT IN 1976, AND 24.4 PERCENT IN 1977. INASMUCH AS TOTAL CENTRAL GOVERNMENT EXPENDITURES INCLUDES AMORTIZATION OF EXTERNAL CREDITS SOME OF WHICH MAY BE MILITARY HARDWARE, IT IS MORE APPROPRIATE TO EXCLUDE EXPENDITURES FOR FINANCING ITEMS. TAKING MILITARY OUTLAYS AS A PERCENTAGE OF CURRENT AND CAPITAL EXPENDITURES ONLY, THE RATIOS STATED ABOVE BECAME 21.5 PERCENT IN 1975, 24.4 PERCENT IN 1976, AND 28.0 PERCENT IN 1977.

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PAGE 01 LIMA 06537 03 OF 04 242146Z
ACTION PM-05

INFO OCT-01 ARA-10 ISO-00 AID-05 ACDA-12 OMB-01 TRSE-00
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S E C R E T SECTION 3 OF 4 LIMA 6537

IT SHOULD ALSO BE BORNE IN MIND THAT THE PERUVIAN ARMED FORCES HAVE BEEN ENGAGED IN CIVIC ACTION PROGRAMS, AIR TRANSPORT FOR OTHERWISE INACCESSIBLE REGIONS, AND ASSISTANCE ON A CONTRACT BASIS TO OIL EXPLORATION AND DEVELOPMENT. WE DO NOT HAVE THE FINANCIAL ESTIMATES OF THE COST OF THIS SUPPORT, BUT IS IS INCLUDED IN THE MILITARY BUDGET.

(B) MILITARY EXPENDITURES AS PERCENT OF GDP:
IN REGARD TO DEFENSE EXPENDITURES AS A PROPORTATION OF TOTAL NATIONAL ECONOMIC OUTPUT, THE OFFICIAL NATIONAL ACCOUNTS ONLY PROVIDE DATA ON GROSS DOMESTIC PRODUCT (GDP). THE MOST RECENT ESTIMATES OF GDP ARE AS FOLLOWS: 1975, S/.605.76 BILLION; 1976, S/.827.66 BILLION; AND 1977, S/.1,052.2 BILLION. MILITARY OUTLAYS AS A PROPORTION OF GDP WERE 4.2 PERCENT IN 1975, 4.7 PERCENT IN 1976, AND 6.2 PERCENT IN 1977.

(C) MILITARY IMPORTS AS PERCENT OF TOTAL IMPORTS:
THERE ARE NO STATISTICS ON DIRECT MILITARY IMPORTS, BUT TAKING THE CENTRAL GOVERNMENT BUDGET "OTHER CATEGORY" AS AN ITEM WHICH WE BELIEVE TO BE DISBURSEMENTS
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PAGE 02 LIMA 06537 03 OF 04 242146Z

OF FOREIGN CREDITS FOR MILITARY PURPOSES AND CONVERTING BY AVERAGE EXCHANGE RATES, WE CALCULATE MILITARY IMPORTS IN U.S. DOLLARS AS FOLLOWS: 1975, \$211.6 MILLION; 1976, \$252.1 MILLION; AND 1977, \$447.8 MILLION. THESE MAGNITUDES CONSTITUTE 8.85 PERCENT OF 1975 FOB IMPORTS, 12.0 PERCENT OF 1976 FOB IMPORTS, AND 20.7 PERCENT OF 1977 FOB IMPORTS.

(D) MILITARY DEBT SERVICE:
IN REGARD TO DEBT SERVICE, PERU'S TOTAL PROJECTED MILITARY DEBT SERVICE FOR THE PERIOD 1978-1985 (AN EIGHT YEAR PERIOD) AMOUNTS TO \$1,504 MILLION. WE BELIEVE THIS PROJECTION IS BASED ON THE DISBURSED BALUE OF LOANS CONTRACTED FOR MILITARY PURPOSES AS OF DECEMBER 31, 1977. THIS PROJECTION INCLUDES IMPACT OF RECENTLY -CONCLUDED USSR DEBT RESCHEDULING (SEE

LIMA 3216). SERVICE OF EXTERNAL MILITARY DEBT, WILL, IN OUR JUDGMENT APPROXIMATE 10 PERCENT OF PERU'S LIKELY ANNUAL EXPORT EARNINGS OVER THE NEXT FEW YEARS. ALTHOUGH THE TOTAL SIZE OF PERU'S EXTERNAL MILITARY DEBT IS UNKNOWN, EDUCATED CONJECTURE WOULD PLACE THE TOTAL NEAR \$2.0 BILLION OUT OF A YEAR END 1977 TOTAL EXTERNAL DEBT OF \$8.3 BILLION. THE GOP INTENDS TO SEEK RENEGOTIATION OF ITS PUBLIC SECTOR EXTERNAL DEBT IN THE NEAR FUTURE.

7., 8., 9. DELETED PER PARA. 6, STATE 167901.

10. MAJOR SALES:

THERE ARE NO REPEAT NO MAJOR PROPOSED SALES NOR PROPOSALS TO INTRODUCE NEW CAPABILITIES INTO THE REGION UNDER THE MISSION'S PROPOSED FMS PROGRAM.

1. HUMAN RIGHTS DEVELOPMENT AS RELATED TO SECURITY ASSISTANCE PROGRAM:

SECRET

SECRET

PAGE 03 LIMA 06537 03 OF 04 242146Z

THE US SECURITY ASSISTANCE PROGRAM TO PERU HAS NOT CONTRIBUTED, EITHER DIRECTLY OR INDIRECTLY, TO RECENT VIOLATIONS OF HUMAN RIGHTS BY THE GOP. NEITHER IS IT OF SUFFICIENT ATTRACTIVENESS THAT THE THREAT OF REDUCING OR ABOLISHING IT WOULD ACT AS A RESTRAINT ON THE GOP IN CONTEMPLATING INTERNAL SECURITY MEASURES THAT MIGHT BE JUDGED BY THE USG AS HUMAN RIGHTS VIOLATIONS. THE MOST SERIOUS RECENT RESTRAINTS ON HUMAN RIGHTS OCCURRED AFTER THE MAY 1978 DISTURBANCES, CAUSED BY INCREASES IN PRICES ON GASOLINE AND BASIC FOODSTUFFS. CONSTITUTIONAL GUARANTEES WERE SUSPENDED, THIRTEEN POLITICIANS AND JOURNALISTS (12 LEFTISTS) WERE DEPORTED TO ARGENTINA AND INDEPENDENT MAGAZINES WERE CLOSED BY THE GOP. CONSTITUTIONAL GUARANTEES WERE FULLY RESTORED ON JULY 18 AND THE GOP DECLARED A GENERAL AMNESTY AND PARDON FOR ALL "POLITICAL AND SOCIAL" OFFENSES, ALLOWING DEPORTEES TO RETURN. ANOTHER MORE RECENT RESTRAINT ON HUMAN RIGHTS HAS BEEN THE ARREST OF THE LEADERS ON THE RADICAL TEACHERS UNION SUTEP, WHICH SINCE EARLY MAY HAS CONDUCTED A WIDESPREAD AND AS YET UNRESOLVED TEACHERS STRIKE. THUS FAR, THE PERUVIAN ARMED FORCES HAVE PLAYED NO SIGNIFICANT ROLE IN CONTAINING DEMONSTRATIONS AND VIOLENCE RELATED TO THE SUTEP STRIKE.

12. MILITARY ASSISTANCE FROM OTHER SOURCES:

A SUMMARY OF THE COSTS OF PERU'S MILITARY EXPENDITURES WAS PROVIDED IN PARA. 6. MOST OF THESE EXPENDITURES (WE ESTIMATE OVER HALF). WERE FOR NEW ARMS PURCHASED FROM THE USSR. OTHER MAJOR PURCHASES

INCLUDE: TWO TYPE 209 SUBMARINES WITH FOUR MORE ON
ORDER FROM WEST GERMANY; 108 AMX-13 LIGHT TANKS, 10
ALOUETTE HELICOPTERS 30 MIRAGE FIGHTER INTERCEPTORS, AND 6
MISSILE PATROL BOATS FROM FRANCE; A CRUISER AND A DESTROYER FROM
HOLLAND; TWO LUPO CLASS FRIGATES, SIX AB-212 HELICOPTERS AND
4 ASH-3 HELICOPTERS FROM ITALY; AND 26 CANBERRA LIGHT BOMBERS
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PAGE 04 LIMA 06537 03 OF 04 242146Z

FROM GREAT BRITAIN.
COST FIGURES (PARA. 6) MAY NOT RPT NOT INCLUDE
THESE ITEMS. THE ITALIAN FRIGATES/FRENCH BOATS AND 4
FRG SUBMARINES HAVE NOT BEEN RECEIVED YET. NEGO-
TIATIONS FOR SOME OF THESE PURCHASES STARTED YEARS
AGO; E.G., 1962 FOR ALOUETTE HELICOPTERS, AND 1972
FOR AMX-13 TANKS.

13. (A) LEVEL I (MINIMUM LEVEL) (IN MILLIONS OF
DOLLARS)

(1) IMET 0.400.

(A) DESCRIPTION: FUNDING AT THIS LEVEL IS
SUFFICIENT TO MAINTAIN A POSITION OF US ACCESS TO AND
LIMITED INFLUENCE WITH PERUVIAN ARMED FORCES. IT WILL
PROVIDE FOR THE HIGH-PRIORITY TRAINING THAT THE PERUVIAN
ARMED FORCES HAVE COME TO ASSOCIATE WITH THE COUNTER-
PART US SERVICES. THESE COURSES ARE: INTERNATIONAL
DEFENSE MANAGEMENT (BOTH SENIOR AND FIELD-GRADE OFFICER
COURSES), ARMY/AIR FORCE/NAVY/MARINE CORPS COMMAND AND
STAFF COLLEGES, AEROSPACE MEDICINE, ARMOR/INFANTRY/
ENGINEER OFFICE ADVANCED, FLIGHT SAFETY OFFICER,
SEVERAL INSTRUCTOR PILOT SPACES, AND POST-GRADUATE
TRAINING AT THE NAVAL POST-GRADUATE SCHOOL.

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PAGE 01 LIMA 06537 04 OF 04 242124Z
ACTION PM-05

INFO OCT-01 ARA-10 ISO-00 AID-05 ACDA-12 OMB-01 TRSE-00
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S E C R E T SECTION 4 OF 4 LIMA 6537

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(B) RISK ASSESSMENT: MISSION REGARDS THIS AS THE MINIMUM LEVEL TO AVOID LOSS OF ONE IMPORTANT LINE OF COMMUNICATION WITH THE PERUVIAN ARMED FORCES AND TO AVOID JEOPARDIZING USG'S EVENHANDED POLICY REARDING THE OFFERING OF TRAINING TO OFFICERS FROM THIS REGION. PERU WILL CONTINUE TO SEEK TRAINING ELSEWHERE, OF COURSE, AND TO SEND PERSONNEL TO THE SOVIET UNION TO SUPPORT ITS EVER-GROWING INVENTORY OF SOVIET EQUIPMENT. HOWEVER, IMET OFFERS SOME ALTERNATIVES TO PERUVIAN MILITARY WHO PREFER US ADVANCED TRAINING IN ASSOCIATION WITH THEIR OTHER LATIN AMERICAN COLLEAGUES.

(C) MILITARY CONSEQUENCES OF NOT APPROVING MINIMUM LEVEL: MISSION THINKS THAT PERUVIAN ARMED FORCES WILL SEEK PROFESSIONAL MILITARY EDUCATION AND SPECIALIZED TRAINING OFFERED IN IMET ELSEWHERE, PROBABLY IN THE USSR. THIS DECISION IN TURN WOULD INCREASE PERU'S SITUATION OF OOD MAN OUT IN ITS RELATIONS WITH THE US AND WITH ITS ANDEAN NEIGHBORS. ABSENCE OF MIET WOULD REDUCE THE AMOUNT OF COMMON EDUCATIONAL AND PROFESSIONAL GROUND EXISTING AMONG MILITARY OFFICERS FROM THIS AREA AND PERU'S MILITARY WOULD BECOME FURTHER ISOLATED FROM THEIR ALREADY
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SECRET

PAGE 02 LIMA 06537 04 OF 04 242124Z

SUSPICIOUS NEIGHBORS.

(2) FMS CREDITS DOLS 3.90

(A) DESCRIPTION. THIS LEVEL PROVIDES ONLY OPERATING AND MAINTENANCE FUNDS. IT DOES NOT ALLOW FOR FUNDING OF OTHER SUPPORT NEEDS NOR THE PURCHASE OF HELICOPTERS OR COMBAT VEHICLES.

(B) RISK ASSESSMENT: THIS LEVEL OF FUNDING WILL NOT PROVIDE FOR SUPPORT OF PERUVIAN SHIPS, WHICH ARE IMPORTANT FOR THE PATROL OF PACIFIC SEA LINES OF COMMUNICATION. AGING HELICOPTERS WILL NOT BE REPLACED WITH US EQUIPMENT, AND THE CHANCES OF FURTHER SOVIET SALES/PENETRATION IN PERU ARE GREATLY INCREASED.

(C) MILITARY CONSEQUENCES OF NOT APPROVING MINIMUM LEVEL: ALTHOUGH THE EFFICIENCY AND EFFECTIVENESS OF THE PERUVIAN MILITARY'S OPERATIONAL CAPABILITY WOULD BE DIMINISHED, THE IMPACT

ON ITS OVERALL MILITARY POWER WOULD BE SLIGHT. MISSION ASSUMES PERUVIANS WOULD CONINUE TO OPERATE AND SERVICE USG PURCHASED EQUIPMENT DESPITE HIGHER COSTS AND EVENTUALLY OP FOR ALTERNATIVE EQUIPMENT, TRAINING AND SERVICING SOURCES. FURTHER DEPENDENCE ON NON-USG SOURCES PROBABLY WOULD INCREASE THE SUSPICIONS OF PERU'S NEIGHBORS.

(B) LEVEL 2 (INTERMEDIATE LEVEL)

(1) IMTE (DOLS0.500): AN ADDITIONAL DOLS 100,000 WOULD PERMIT A SLIGHTLY HIGHER NUMBER OF PARTICIPANTS. MISSION WOULD NOT FORESEE EXPANDING THE NUMBER OF TRAINING PROGRAMS DESCRIBED UNDER LEVEL 1.

(2) FMS CREDITS (DOLS5.50)

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SECRET

PAGE 03 LIMA 06537 04 OF 04 242124Z

(A) DESCRIPTION. THIS LEVEL PROVIDES FOR THE ADDITIONAL PURCHASES OF LIMITED LOGISTICS SUPPORT FOR ALL SERVICES.

(B) RISK ASSESSMENT. THIS FUNDING DOES NOT PROVIDE FOR BADLY-NEEDED SHIP SUPPORT, WHICH IS IMPORTANT IN PRESERVING THE US-PERU NAVY-TO-NAVY RELATIONSHIP, NOR WILL IT SUFFICE TO COVER ALL LOGISTIC SUPPORT NEEDS FOR OTHER SERVICES; E.G., THE SSA FOR THE A-37B AIRCRAFT ABOVE WAS OVER DOLS 1.3 MILLION THIS YEAR.

(C) LEVEL 3 (CURRENT LEVEL).

(1) IMET (DOLS 0.615)

(A) DESCRIPTION. THIS LEVEL WILL PROVIDE ADDITIONAL PROFESSIONAL MILITARY EDUCATION COURSES, AND WITH PERU'S DISMAL ECONOMIC SITUATION, PROBABLY REPRESENTS ABOUT THE MAXIMUM LEVEL OF PARTICIPATION.

(B) BENEFIT ASSESSMENT. THIS LEVEL SHOULD PROVE SATISFACTION TO MEET PERU'S PRIORITY TRAINING REQUIREMENTS.

(2) FMS CREDITS DOLS 11.0

(A) DESCRIPTION. THIS LEVEL WILL ALLOW FOR THE ADDITIONAL PURCHASE OF SHIP SUPPORT, AIRCRAFT SPARES, AND AUTOMOTIVE SUPPORT.

(B) BENEFIT ASSESSMENT. THIS FUNDING LEVEL IS BARELY ADEQUATE TO DEVELOP SOME US LEVERAGE IN PERUVIAN ARMS PURCHASES. THE PROVISION OF FUNDS FOR SHIP SUPPORT SHOULD HELP MAINTAIN THE TRADITIONALLY STRONG US-PERU NAVY-TO-NAVY RELATIONSHIP.

GIVEN A 1400 MILE COASTLINE AND AN IMPORTANT INVESTMENT IN THE
FISHING INDUSTRY, PERU HAS A LOGIVAL NATIONAL INTEREST
IN MAINTAINING A MODERN AND ADEQUATE NAVAL FORCE. MISSION SEES
SECRET

SECRET

PAGE 04 LIMA 06537 04 OF 04 242124Z

NO RPT NO HUMAN RIGHTS CONSEQUENCES IN EXTENDING FMS CREDITS
UP TO THIS LEVEL.

(D) INCREMENTAL LEVELS (NOT INCLUDED)

(E) PROPOSED MAAG MANNING LEVEL IS SAME FOR ALL LEVELS
REPORTED:

(1) US MILITARY: 3 OFFICERS, 2 NCO'S

(2) LWR EMPLOYEES: 5

3) THIS TAKES INTO ACCOUNT PROPOSED REDUCTION
BY ONE NCO SLOT, AND REPRESENTS THE LEVEL ESSENTIAL FOR
MANAGEMENT OF THE SECURITY ASSISTANCE PROGRAM.

(F) ESTIMATED IMET ATTENDANCE FOR FY 80: (FIGURES PROVIDED
ARE FOR FY 79 AND ARE THE BEST GUESS FOR FY 80).

(1) IN FY 79, TENTATIVE CONUS TRAINING INCLUDES:

PERUVIAN ARMY NAVY AIR FORCE

19 OFF/1 ENL/1 CIV 12 OFF/4 ENL 12 OFF/1 ENL
ARMY COURSES INCLUDE COMMAND AND STAFF (1), ADVANCED SPECIALTY
COURSES (6), UN-1 INSTRUCTOR (2), AVIATION SAFETY (2),
AVIATION MAINTENANCE (1), IDMC (2), BASIC MP COURSE (2),
AND ELT AND MAINT (2). NAVY COURSES INCLUDE NAVAL COMMAND
COURSE (1), C&S USMC (1), AMPHIBIOUS WARFARE (1), POST-GRADUATE
(2), TORPEDO MAINT (3), DIVER AND SALVAGE (2), EOD (2),
TURBINE MAINT (2), DATA PROCESS (1). AIR FORCE COURSES
INCLUDE C&S (1), SOS (2), COMN & ELECT (2), AEROSPACE
MEDICINE (2), AVIATION SAFETY (2), C-130 TACTICAL QUALIFICATION (2),
SECRET

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PAGE 05 LIMA 06537 04 OF 04 242124Z

PERSONNEL OFF (1), AMPHIBIOUS WARFARE (2), IDMC (2).

TRAINING IS REQUESTED FOR IMET BECAUSE:

(A) TRAINING IS FOR PRIMARILY US EQUIPMENT.

(B) LOCAL TRAINING NOT AVAILABLE.

(C) ECONOMIC CRISIS PRECLUDES PURCHASES OF FMS TRAINING.

(2) IN FY 79, TENTATIVE OVERSEAS CZ SCHOOL TRAINING IS AS FOLLOWS:

USARSA PERUVIAN ARMY PERUVIAN NAVY PERUVIAN AF

7 OFF/3ENL 9 OFF/15 ENL 15 OFF/1 ENL

IAAFA 4 ENL --- 5 OFF/35 ENL

COURSES AT USARSA INCLUDE C&GS (1), COMMANDO OPS (14), INFANTRY OFF (6), PATROL OPS (10), JOINT OPERATIONS (6), TRAINING MANAGEMENT (3), AND NCO LEADERSHIP (3). COURSES AT IAAFA INCLUDE SUPPLY OFFICER (2), TACTICAL AIR OPS (2) AND THE REMAINDER A/C MAINTENANCE COURSES (36) - STUDENT NUMBERS IN PARENTHESIS.

(G) AND (H) - NOT REQUIRED UNTIL 1979 REPORT.

(I) THE AMBASSADOR RECOMMENDS CONTINUING IMET AT EXISTING LEVELS. PROVIDED FMS CREDITS ARE EXTENDED TO PERU'S NEIGHBORS, THE AMBASSADOR ALSO RECOMMENDS CONTINUATION OF FMS CREDITS AT CURRENT LEVELS. THE AMBASSADOR ALSO WISHES TO POINT OUT THAT THE QUESTION OF FUTURE FMS CREDITS IS CONNECTED TO THE ISSUE OF POSSIBLE OFFICIAL DEBT RESCHEDULING.
SHLAUDEMAM

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Message Attributes

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